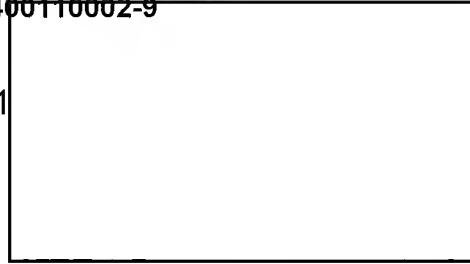




Director of Central Intelligence  
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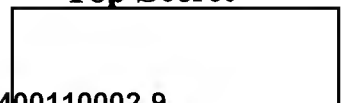


# National Intelligence Daily (Cable)

12 May 1979

**Top Secret**

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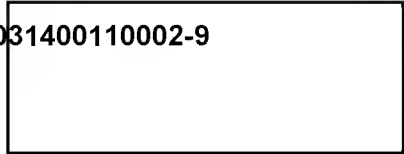
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National Intelligence Daily (Cable)



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Contents

BRIEFS AND COMENTS

China-Vietnam-USSR: *Fourth Session of Talks*. . . . . 1

USSR-Iran: *Bilateral Relations*. . . . . 2

Turkey: *US Serviceman Killed*. . . . . 3

25X1



ASEAN: *Proposed Refugee Center*. . . . . 5

Sudan: *Foreign Payments Struggle*. . . . . 6

Mozambique: *Cholera Epidemic*. . . . . 7

25X1

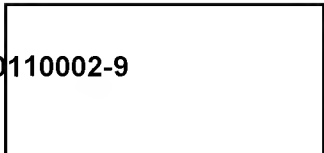


SPECIAL ANALYSIS

Egypt: *Parliamentary Elections*. . . . . 8



25X1



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BRIEFS AND COMMENTS

CHINA-VIETNAM-USSR: Fourth Session of Talks

The fourth session of talks between China and Vietnam is scheduled today, but neither side seems to expect any progress. The first three formal sessions--all in Hanoi--have served only to outline the differences between the two governments. An authoritative I. Aleksandrov article in Pravda yesterday on the Sino-Vietnamese negotiations strongly supports Vietnam and may reflect the USSR's desire to reassure Vietnam before accepting China's recent proposal for Sino-Soviet talks.



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The Chinese are arguing that Hanoi refuses to address the "fundamental" issues, which Beijing sees as Vietnam's ambitions in Indochina and its relations with the USSR. China's eight-point proposal--made at the second session of the talks--was, in effect, a call for a complete reversal in Vietnamese policy on both issues.

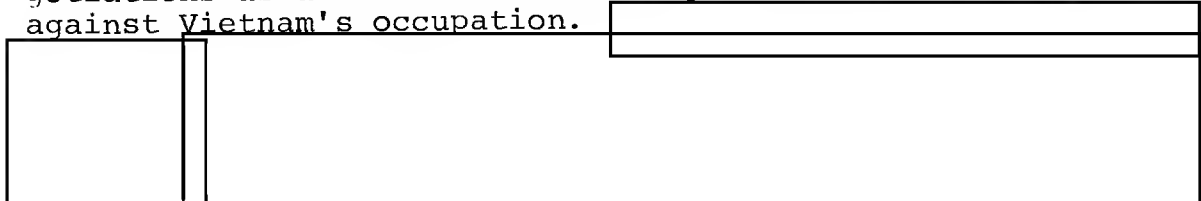


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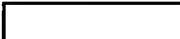
//The Chinese almost certainly do not expect Hanoi to respond positively to proposals for a Vietnamese withdrawal from Kampuchea and a compromise political solution there. Beijing does, however, hope to use protracted negotiations as a forum for directing international opinion against Vietnam's occupation.

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In a public note to the French Communist Party earlier this week, Vietnam declared that China was using the talks to deceive international opinion while seeking a pretext to "make war on" Vietnam.

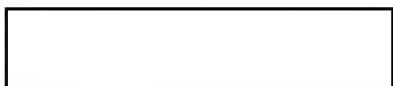


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The Aleksandrov article says Vietnam has been "quite right" in rejecting China's demands in the negotiations and warns Beijing that continued intransigence will only backfire. It criticizes China for challenging Vietnamese sovereignty over the Paracels and the Spratleys--the first time the Soviets at this level have ever publicly supported Vietnamese territorial claims. The article also attacks unnamed politicians--presumably in the West and Eastern Europe--who welcome the Sino-Vietnamese talks but are indifferent concerning their outcome.



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USSR-IRAN: Bilateral Relations

*In marked contrast to Soviet assessments just a few weeks ago, the USSR now appears skeptical that the domestic situation in Iran will soon become more stable and that Soviet-Iranian relations will improve. Soviet criticism of the government in Tehran is increasing, and the Soviets appear more willing to defend the role of the Communist Tudeh Party.*

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In *Pravda* last week, correspondent Petr Demchenko criticized the Iranian Government, asserting that its officials believe erroneously that the goals of the revolution have been accomplished. A recent article in *New Times* listed problems in Iran and concluded that the situation in Tehran was "tense and confused." Just last month, Demchenko and other correspondents had heralded the establishment of a republican system in Iran. Muted criticism of the Iranian regime has now begun to appear in broadcasts of the clandestine radio "National Voice of Iran," and the Tudeh Party has taken an increasingly independent stance--of which the Soviets doubtless approve.

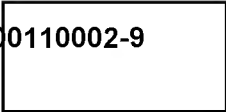
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The Soviets are likely to continue to be cautious in their dealings with Iran, however, to avoid antagonizing the Khomeini regime and further jeopardizing the Tudeh Party and their own political and economic interests. Foreign Minister Gromyko's prompt reception of the new Iranian Ambassador to Moscow on 7 May suggests that the Soviets still hope to smooth over strains in relations and promote the semblance of good formal ties.

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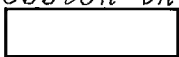
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TURKEY: US Serviceman Killed

*A US serviceman was killed yesterday in Istanbul and another was wounded in the second such incident in Turkey in a month; the attack reflects the general increase in anti-American activities since the declaration of martial law last December. The attack will further complicate Prime Minister Ecevit's effort to quell the politically-motivated violence with a minimum of repression in the face of military pressure to clamp down.*

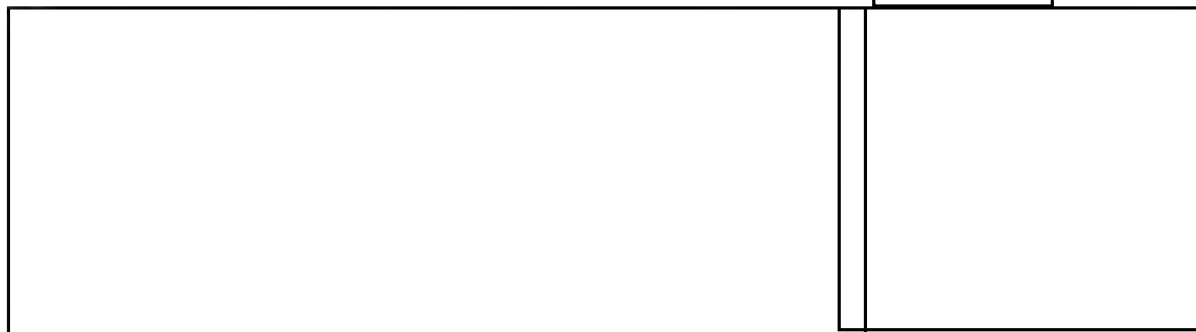


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The shooting yesterday was similar to the 12 April attack on US servicemen. The assassins fired on a small group of Americans and fled with the help of accomplices in a stolen automobile. A radical Marxist organization has claimed responsibility for the attack.



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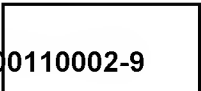


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//Earlier this week, a prominent general publicly remarked that martial law duty and fighting "anarchy" would ultimately erode the morale of the armed forces and that more effective legislation and police work are necessary to end the violence. Kidnaping and assassinations of Americans and other NATO personnel, together with government reluctance to clamp down, precipitated the "coup by memorandum" in 1971.



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ASEAN: Proposed Refugee Center

*The nations most actively involved in the Indochinese refugee problem will meet in Jakarta on Tuesday and Wednesday to discuss the creation of a special processing center for refugees. The meeting is unlikely to resolve all the issues, but broad recognition of the need for such a center suggests that discussions will continue.*

[REDACTED]

The meeting will include members of the Association of Southeast Asian Nations--the Philippines, Thailand, Malaysia, Indonesia, and Singapore--that are the countries of first asylum and 18 other nations, including the US, Australia, France, and Canada, that are involved in resettlement programs. Hong Kong is excluded even though it has a large refugee population. [REDACTED]

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Vietnam has agreed to attend the conference as an accommodation to its ASEAN neighbors, although it has yet to regulate the flow of refugees as it promised. The number of refugees, which has remained high over the past year, has increased in recent months. [REDACTED]

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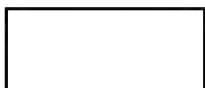
Earlier this year, Indonesia offered Galang Island, 15 miles south of Singapore, for use as a special processing center for Indochinese refugees. The offer is subject to a number of conditions, in particular that only refugees with a guaranteed offer of resettlement would be admitted. Problems are also arising as to the size and funding of the center and the number of refugees that would be accepted from each ASEAN nation. The Philippines offered Tara Island for refugees who have reached the Philippines. [REDACTED]

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[REDACTED]



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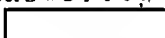


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SUDAN: Foreign Payments Struggle

*Sudan's agreement with the International Monetary Fund for substantial financial support should enable it to weather its immediate financial crunch and to import badly needed industrial products. Since last January, the economy has operated on a day-to-day basis as Khartoum sought cash to pay for critical oil and fertilizer imports. Although the country's immediate financial difficulties have eased, Sudan still faces a period of economic austerity while it gets its balance of payments in order.*

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Sudan has been able to replace Iraqi oil supplies that were cut off because of Sudan's support of President Sadat and the Egyptian-Israeli peace treaty. Iraq has long supplied about two-thirds of Sudan's oil. Now, however, Sudan has been able to get a commitment from Saudi Arabia for 8.8 million barrels of crude oil--enough to keep its refinery operating for a year. Egypt has supplied about 500,000 barrels of crude oil since April and will provide additional supplies if needed. Kuwait has also agreed to supply petroleum products, to be financed by a \$30 million loan from the Islamic bank.

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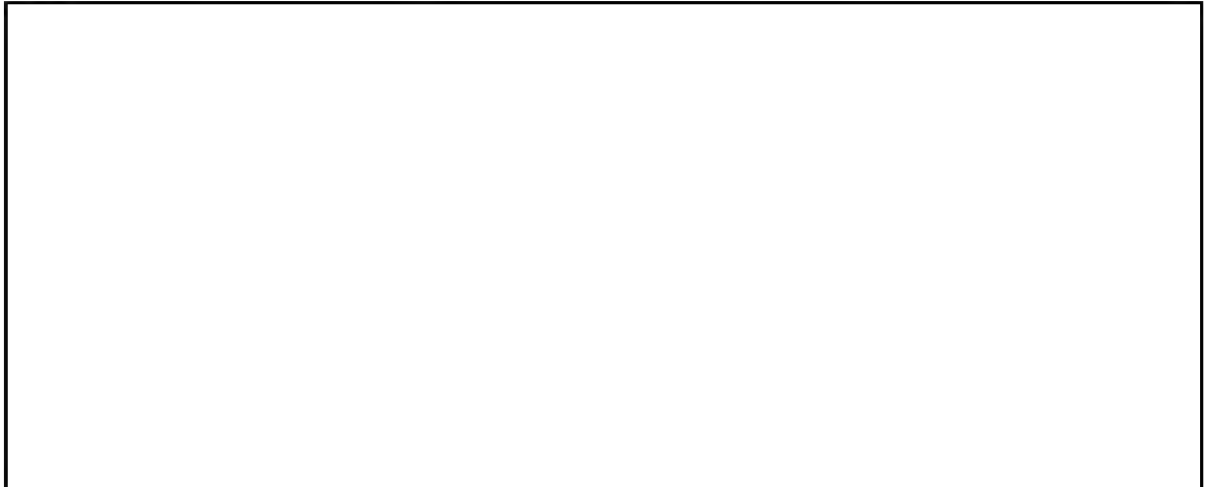


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MOZAMBIQUE: Cholera Epidemic

A cholera epidemic, which apparently started in refugee camps run by the Zimbabwe African National Union, has spread through Mozambique. The situation in the capital is said to be under control, and ZANU leaders have acquired some cholera vaccine from Pakistan, presumably for use in the camps. ZANU's activities could be significantly constrained by the disease even with the vaccine, which is no more than about 50-percent effective.

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SPECIAL ANALYSIS

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EGYPT: Parliamentary Elections

[REDACTED]

*Political maneuvering is under way for the Egyptian parliamentary election scheduled for 7 June. The outcome is not in doubt--President Sadat's National Democratic Party will retain the large majority it held in the previous People's Assembly. Sadat's primary goal in holding the election, in fact, is to ensure the elimination of outspoken critics of his policies from parliament. The credibility of the election will depend in large part upon the freedom given the opposition to campaign.* [REDACTED]

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Sadat dissolved the People's Assembly on 10 April. The first round of the election for the new parliament will take place on 7 June and runoffs a week later. The new body will hold its first session on 23 June. Although exact membership figures are unclear, the People's Assembly is to be expanded from 360 members to 392, including 30 seats for women and 10 presidential appointees. Two candidates apparently will be elected from each constituency. [REDACTED]

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To create the impression of a more liberalized democratic process, the government has lifted the restriction that political parties, to be represented in the People's Assembly, must have at least 20 seats. Despite this move, Prime Minister Khalil has indicated that the number of parties will be limited. Existing bans continue against parties that are religiously based, advocate a "totalitarian system," or advocate violence. An additional, catchall restriction is that party platforms must differ significantly from one another. A seven-member committee, containing several cabinet members, has been formed to review party applications, thus helping to ensure that any new parties are acceptable to the government. [REDACTED]

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Party Prospects

The National Democratic Party, which Sadat created last year as the official government party, will continue to dominate the People's Assembly. Mansur Hassan, leader of the party, has indicated that his group intends to field strong candidates and make a maximum effort to defeat Sadat's critics. National Democratic entries will

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have several advantages over their rivals; for example, they will have free access to the government media, and they are best able to garner government benefits for their constituents. The party's support for Sadat's peace efforts also will work in its favor among the majority of Egyptian voters who back the peace treaty with Israel.

[REDACTED]

Hassan says he is urging his party to run weak candidates against those from the "loyal opposition," but he is by no means certain this will happen. Hassan predicts that the National Democrats could win 95 percent of the contested seats. [REDACTED]

//The Socialist Labor Party, the tame opposition Sadat established last fall, is likely to run a distant second. The leader of this party, Ibrahim Shukri, says he has struck a deal with the National Democrats that assures his party some 40 seats; it held 26 in the previous assembly. Shukri's estimate may be optimistic, but the government probably will ensure that a credible number of Labor Party candidates are successful. After a hiatus of a year, a Labor Party newspaper appeared on the newsstands on 1 May; it reportedly is receiving newsprint from the government at subsidized prices.// [REDACTED]

The small rightwing Socialist Liberal Party also claims to have reached agreement with the National Democrats to increase its membership in the new parliament. It apparently had only two seats in the former assembly, but hopes now to obtain 25 to 30. It probably will not.

[REDACTED]

The leftist National Progressive Unionist Grouping is likely to field several candidates, but the government-sponsored party can be expected to campaign hard against them. This group had two representatives in the former parliament, both vociferous critics of the peace treaty with Israel. Security officials raided the party's headquarters last month, and party officials recently were accused of cooperating with the Iraqi Baath Party against Egyptian policies. The party's leader, Khalid Muhi al-Din, may be the group's only successful candidate. [REDACTED]

Only one new party so far has applied for legal status. The National Front, led by outspoken independent

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Mumtaz Nassar, existed in the previous parliament as an informal coalition of leftists, rightists, and independents. Although this politically awkward amalgam may fragment before long, it could--despite government opposition--win a few seats. [REDACTED]

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#### Other Groups

Although parties based on religion are prohibited, some candidates advocating views of the outlawed Muslim Brotherhood are likely to be elected either as independents or as members of other parties. Sadat recently publicly castigated extremist religious movements, and the government apparently is once again proscribing pro-Muslim Brotherhood publications. [REDACTED]

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Members of the moderately conservative New Wafd Party, which dissolved itself in mid-1978 in protest of government deliberalization measures, probably will also take part in the election as independents or in other parties. [REDACTED]

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#### Intentions and Reactions

The dissolution of the People's Assembly and the new election have been portrayed by the government as a further step in the democratization of Egypt. Sadat in fact may be hoping to create a parliament that will remain passive despite the problems ahead over further negotiations with Israel. [REDACTED]

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The Egyptian President is generally committed to a greater degree of democratic process and seems to want a credible opposition. He is extremely sensitive to criticism, however, and continues to react strongly against those who oppose his policies. The degree to which the coming election is acceptable to politically informed Egyptians, especially the intelligentsia, will hinge in part on the latitude he allows independent or opposition candidates during the campaign. [REDACTED]

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An interesting test case could be that of former Foreign Minister Ismail Fahmi, who resigned in the wake of Sadat's visit to Jerusalem in November 1977. Fahmi apparently hopes to run in opposition to Prime Minister Khalil but has encountered difficulty in getting his candidacy registered. [REDACTED]

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